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ECONOMIC SITUATION AS OF DECEMBER 31, 1987

The 1987 Economic Situation Report was compiled by the staff of the Economic Development Dept. Resource material was obtained from the following agencies and publications:

- Statistics Canada
- Bureau of Statistics, Gov't of Sask.
- Provincial Department of Agriculture
- City of Saskatoon Building Department
- City of Saskatoon Planning Department
- Canadian Markets
- Saskatoon Board of Trade
- Northern Miner Publication
- Economic Council of Canada

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SASKATOON ECONOMIC SITUATION AS OF DECEMBER, 1987

1987 IN REVIEW

Although 1987 was not a banner year as such, when all aspects are considered, indeed it was a decent year for the populace and the Saskatoon business community. A number of firms experienced strong growth while others had a static year. Job creation was off the record pace of 1986 and 1985, but the economy still managed to produce 1,405 full time positions created by new companies. At the same time, these 394 new enterprises created an additional 600 part-time positions. When the job creation from the existing business community is taken into consideration, total full-time new employment openings approaches 3,000. The year ended with an average annual unemployment rate of 9.8%, down from 1986's average of 10.7% and 1985's 9.9%.

Total value of construction ($235 million) was off the record setting pace of 1986's level of $260 million. Retail sales continued to increase by 7% and the average annual level of inflation was 4.9%. Per capita income exceeded the $15,000 mark for the first time.

For a year that was supposedly lacking in excitement and "good-times", Saskatoon was declared the fastest growing City in Canada; as the City's population exceeded 182,000 and the Metro area exceeded 200,000. The next population count will not be released until July, 1988. Our Department is anticipating a population figure approaching 187,000 and a Metro figure of 210,000.

The City continues to maintain its AA+ Credit Rating. "In addition to its very low debt, Saskatoon has favorable taxation rates, sound tax collections, high liquidity and numerous cash reserves. This position has proven to be very prudent in light of the current economy of Western Canada."[1]

1. Excerpt from Canadian Bond Rating Service - December, 1987

The level of economic activity in 1987 was par with 1986 and this pace should continue into 1988.

1988 OUTLOOK

If all projects either already announced or are in the planning stages materialize in the ensuing 12 months, 1988 will set a record for building and job creation that will establish a legacy for sometime to come. The underlying word is materialize. If one or two significant projects are postponed until 1989, then 1988 will be a "holding year." The level of economic activity should keep pace with 1987 in all sectors.

The rough and turbulent times experienced by agriculture and Saskatchewan's resource sectors are showing signs of bottoming out. There are a number of encouraging indicators that potash prices are strengthening and markets are improving. Agriculture prices continue to be at their lowest levels in two decades, although there are signals that prices may start to strengthen by year-end and continue to improve in 1989 and 1990.

Improving conditions in the oil patch and continued growth in the manufacturing sector will provide the major impetus for economic growth in 1988.

If 1988's performance is on-par with 1987's, then total construction will be approximately $235 million; broken down as follows:

a)	Residential	$100 million
b)	Institutional	$ 80 million
c)	Commercial	$ 40 million
d)	Industrial	$ 10 million
e)	Other	$ 5 million

Depending on the nature of their customers, a number of Saskatoon businesses will experience a very successful year, others will hold their own, while some will either cease operations or significantly downsize.

1. AGRICULTURE

The reader may find it somewhat confusing when looking at Figure 1 and then relating this to the daily doses of media, bank and economist's viewpoints on the current state of Saskatchewan's agriculture sector.

What Figure 1 depicts is that 1987 was the second best year ever for total cash farm receipts. Total receipts for 1987 were $4.25 billion. Only 1984 bettered this number by $100 million ($4.35 billion). Realized net farm income was also on par with 1984 ($1.06 billion in 1987 and $1.05 billion in 1984). Realized net farm income was up substantially from what was projected, and was a welcome to many farm families. What has to be kept in perspective though is in 1987, Saskatchewan farmers received a special Canadian Grains Program Payment of $415,000,000.

As long as the major agriculture powers continue to play chess, the Western Canadian farmer is held at ransom. The legacy of the Saskatchewan farmer will continue at least until a new method is discovered to produce food that does not require a method of putting a seed into the soil. Some grains may not be as popular to plant this Spring in favour of other crops that provide for a much higher return on investment.

Agriculture, as a prime source of creating wealth for the economic sector is one of the three largest components of the Province's Gross Domestic Product as depicted in Table 1.

Saskatoon is now recognized as the agriculture science capital of Canada.

FIGURE 1

SASKATCHEWAN FARM CASH RECEIPTS
EXPENSES AND INCOME
(1976 - 1987)

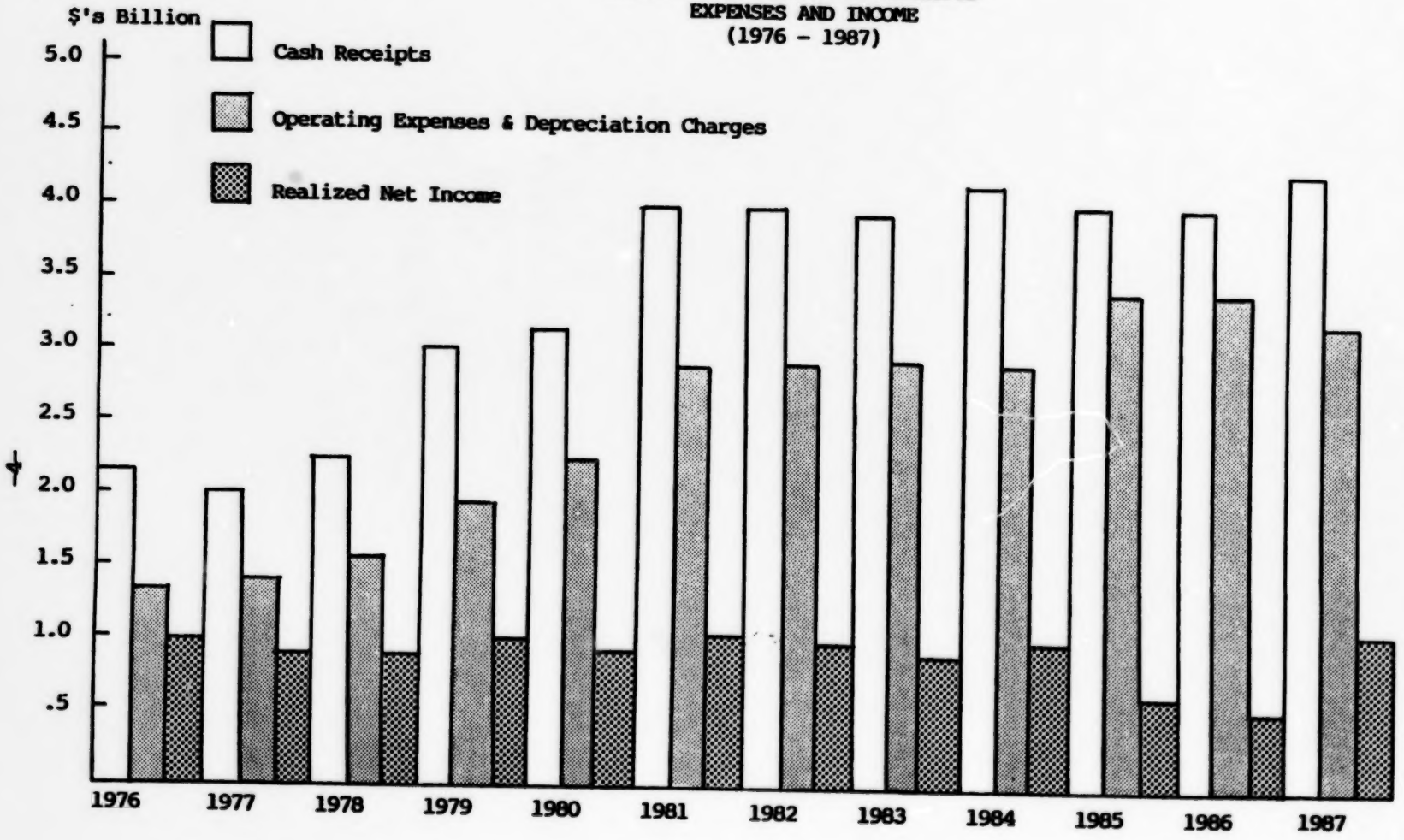


TABLE 1

SASKATCHEWAN GROSS DOMESTIC PRODUCT AT FACTOR COST BY INDUSTRY

($ Millions)

	1986	1986	1985	1984	1983	1982
	$	%	%	%	%	%
Agriculture	$ 2,428	13.9	11.1	9.3	10.8	16.1
Forestry	$ 47	0.3	0.3	0.3	0.3	0.4
Mining	$ 1,283	7.3	11.4	12.5	10.1	8.7
Construction	$ 918	5.2	4.7	5.2	5.8	5.9
Manufacturing	$ 1,072	6.1	6.0	6.2	5.8	6.2
Transportation, Communication & Storage	$ 1,473	8.4	8.3	8.6	8.6	8.3
Utilities	$ 358	2.0	2.1	2.0	1.7	1.9
Trade	$ 1,780	10.2	10.2	10.1	9.9	9.9
Finance, Insurance & Real Estate	$ 3,394	19.4	19.2	18.3	18.4	15.2
Services	$ 3,391	19.3	18.9	18.7	18.5	17.9
Public Administration	$ 1,372	7.9	7.8	8.8	10.1	9.5
	$17,530	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Bureau of Statistics
Government of Saskatchewan

TABLE 2

FARM CASH RECEIPTS, INCOME & COMPARISONS
1975 - 1987
Billions of Dollars

Year	Saskatchewan Farm Cash Receipts	Canadian Farm Cash Receipts	Sask. As A % Of Canada	Saskatchewan Total Net Income
1975	$2.51	$10.13	21.2%	$1.48
1976	$2.32	$10.12	22.9%	$1.28
1977	$2.16	$10.19	21.2%	$ .84
1978	$2.50	$12.03	20.7%	$ .89
1979	$3.03	$14.32	21.1%	$ .82
1980	$3.30	$15.85	20.8%	$ .66
1981	$4.01	$18.59	21.5%	$1.57
1982	$4.00	$18.60	21.5%	$1.10
1983	$3.96	$18.75	21.1%	$ .59
1984	$4.35	$20.31	21.4%	$ .33
1985	$4.10	$19.91	20.6%	$ .87
1986	$4.14	$20.49	20.2%	$1.39
1987[p]	$4.25	$20.92	20.3%	$ .96
1988[f]	$4.26			

Source: Statistics Canada 21-202 p = projection f = forecast

Cash Receipts - Include Supplementary Payments

Total Net Income = (Realized Net Income + Value of Inventory Change)

2. CONSTRUCTION

There were 72 more building permits issued in 1987 than in 1986, but single and duplex dwellings were lower by 490 permits.

Figures 2 and 3 show the 1987 values of building permits, totalling $234.7 million - a 9.9% decrease from 1986. Total residential values were down 21 percent - $99,535,600 in 1987; $126,245,900 in 1986.

Total single and duplex units started were 943 in 1987, down from the 1,415 issued in 1986. Apartment units started were 544 in 1987; 747 in 1986.

Other sectors within the construction industry were as follows:

Offices	$8,006,500 (1987); $8,187,500 (1986) representing a decrease of 2.2%.
Warehousing	$8,767,500 (1987); $8,658,500 (1986) for an increase of 1.3%.
Manufacturing	$7,877,000 (1987); $16,774,000 (1986) for a decrease of 53%.
Institutional	$62,173,000 (1987); $78,701,000 (1986) for a decrease of 21%.
Retail	$31,943,800 (1987); $17,545,000 (1986) for an increase of 82%.

i) Residential

Again, Saskatoon reached the $100 million mark for the tenth consecutive year in residential construction. 1988 is not forecast to be any different. In all likelihood, there willl be a structural shift in the components that make up the residential market. As an example, single family detached units will be down in both dollar volume and numbers, while apartment construction will be substantially higher.

Saskatoon had a record year in 1987 both in residential and commercial sales. In 1987, there were 3,246 sales compared to 1986's 3,097 sales. Total real estate sales jumped from $220 million to about $240 million, largely because of the increase in economic activity.

Saskatoon's economy is becoming much more diversified. The City continues to see both growth in industry and population.

ii) **Institutional**

There are a number of major projects that were either announced or started in 1987 and will carry forward into 1988. These projects include the continuing expansion to St. Paul's, City and University Hospitals, Cancer Clinic, Saskatoon's new recreational complexes, McClure Place, Luthern Enriched Housing, the addition to the Harry Bailey Aquatic Centre, and a number of other projects connected with the upcoming 1989 Canada Summer Games. The largest undertaking ever in this City's history was Saskatchewan Place.

iii) **Commercial**

Again, as in the institutional categories, a number of projects were announced or started in 1987 and will carry forward into 1988. The Saskatchewan Teachers Credit Union's new complex, Pacific Avenue Medical Clinic, Joanne McCammon's privately-owned hockey complex, the new Odeon movie complex, and as in past years, a number of new restaurants and strip malls. 1988's single largest project will be the multi-million dollar expansion to the Midtown Plaza.

iv) **Industrial**

The big announcement for 1987 was the Hitachi-Marubeni $14 million turbine plant. This is the first time that Hitachi has ever ventured outside Japan with their industrial power division. The Saskatoon plant will be a gateway to the North American market.

FIGURE 2

SASKATOON BUILDING PERMITS
(Category Breakdown)
1977 - 1987

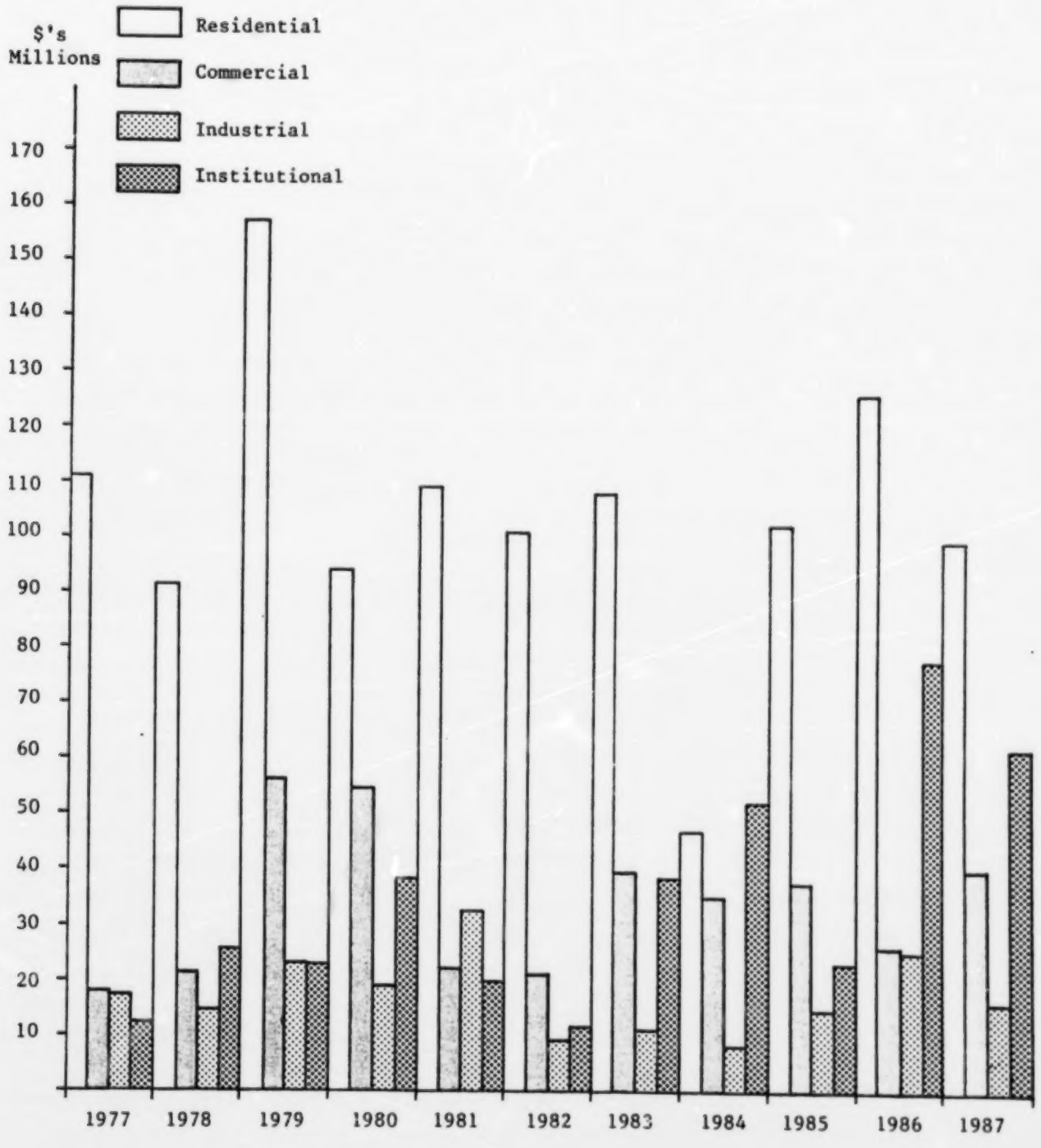


FIGURE 3

VALUE OF CONSTRUCTION PERMITS

1977 - 1987

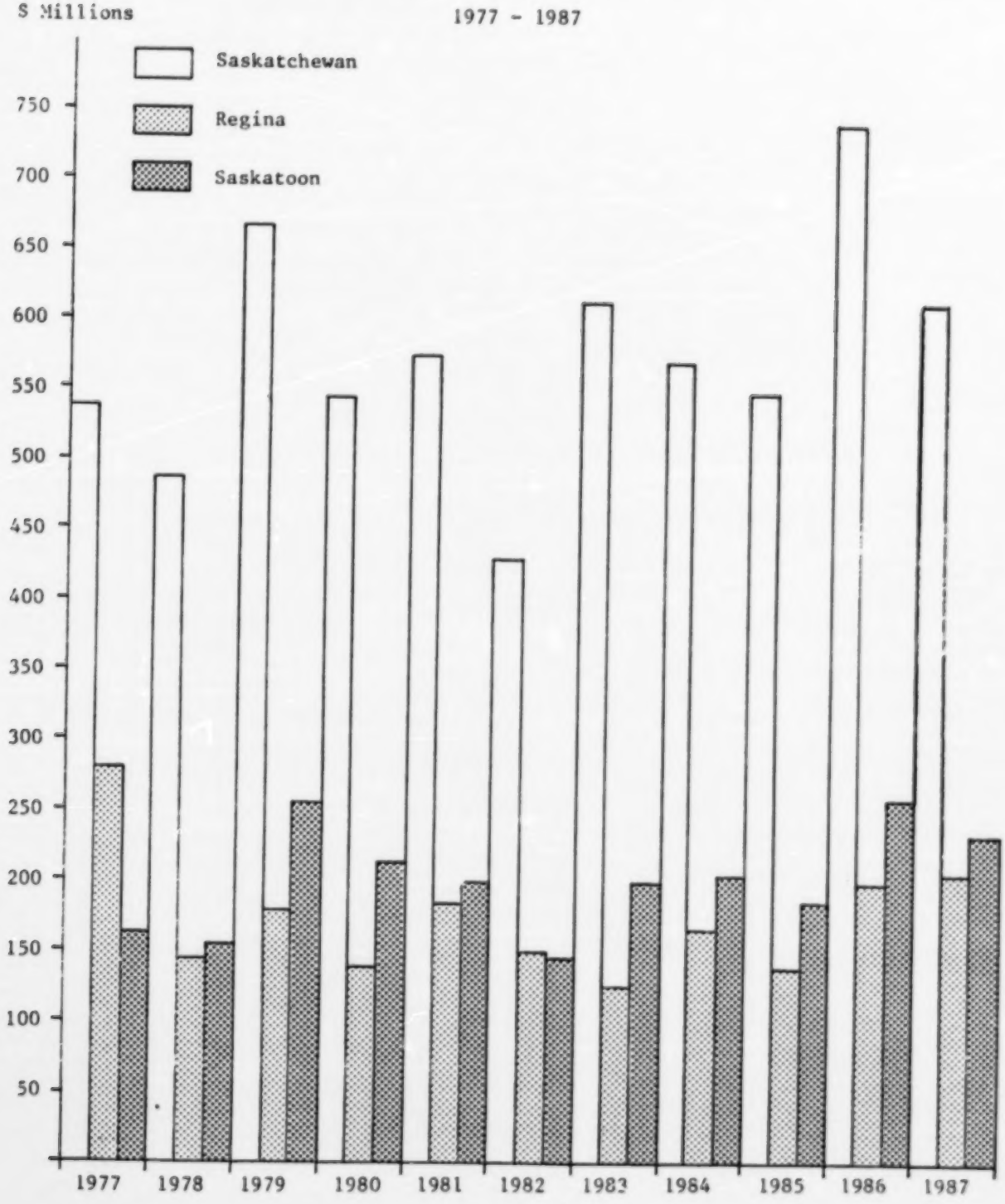


TABLE 3

SASKATOON COMMERCIAL AND INDUSTRIAL BUILDING PERMITS

Year	Commercial ($ Millions)	Industrial ($Millions)
1977	18.8	17.4
1978	21.2	14.5
1979	56.0	23.1
1980	54.9	19.1
1981	22.3	32.9
1982	21.0	9.4
1983	39.8	11.2
1984	35.0	8.3
1985	37.7	14.9
1986	26.3	25.4
1987	40.5	16.6

TABLE 4

SASKATOON RESIDENTIAL BUILIDNG STARTS

Year	Dwellings Single/Duplex	Apartments Units	Total Dwelling Units	Total Permits
1977	1,524	3,290	4,814	3,948
1978	1,680	1,004	2,684	4,094
1979	1,921	2,027	3,948	4,315
1980	1,059	916	1,975	3,350
1981	1,183	1,716	2,899	3,319
1982	760	2,078	2,838	2,936
1983	1,318	959	2,277	3,918
1984	991	924	1,915	3,122
1985	1,054	778	1,832	3,367
1986	1,415	747	2,162	4,451
1987	871	544	1,415	4,523

All Figures Are Obtained From the City Building Records.

Another major plant opening was Vic West's new metal products plant to supply the Western Canadian market. Another first for Saskatchewan was the establishment of Husky Development's plant to produce an ultralight aircraft. The plant, located 15 km. southwest of Saskatoon is now marketing their product worldwide.

Tables 3 & 4 show a historical picture of Saskatoon's commercial, industrial and residential level of activity.

A brief review of 1987 projects in excess of $250,000 per project are as follows:

a) There were 10 industrial expansions/new facilities for a value of $6,865,000.

b) There were 35 commercial/retail expansions or new facilities for a value of $28,064,000.

c) There were 33 institutional projects for a value of $70,013,000.

d) There were 21 residential projects for a value of $22,104,000.

Total permits issued for 1987 were 4,523 which compares with 4,451 for 1986. At the end of 1987, there was in excess of $268,900,000 of construction underway.

COMPARISON OF BUILDING VALUE PER CAPITA
WESTERN CANADIAN CITIES

	City	1987 Construction Value	Population	Building Ratio Per Capita
I	Vancouver	$625,888,482	432,000	$1,449
II	Saskatoon	$234,706,150	182,216	$1,288
III	Regina	$208,358,308	178,520	$1,167
IV	Winnipeg	$652,094,000	625,305	$1,043
V	Calgary	$651,257,836	647,285	$1,006
VI	Edmonton	$449,628,000	576,249	$ 780

VALUE OF BUILDING PERMITS

YEAR	SASKATOON	REGINA	SASKATCHEWAN
1977	$163,400,000	$181,287,000	$539,514,000
1978	153,600,000	144,000,000	487,000,000
1979	257,500,000	179,000,000	667,000,000
1980	212,400,000	139,000,000	546,000,000
1981	199,700,000	184,000,000	575,000,000
1982	145,400,000	150,000,000	430,000,000
1983	200,400,000	176,000,000	613,476,000
1984	204,436,950	166,517,915	569,594,000
1985	187,760,700	138,568,367	548,342,000
1986	260,450,400	200,483,067	741,497,000
1987	234,706,150	208,358,308	662,194,000

3. MAJOR PROJECTS PLANNED AND UNDERWAY

Mayor projects totalling $112.3 million are listed in Table 5.

Table 6 indicates major projects that are planned for 1988+. These projects will have a very positive effect on Saskatoon's economy. Over the course of the next 5 years, there will be in excess of $ 3.85 billion worth of capital expenditures.

TABLE 5

MAJOR PROJECTS UNDERWAY AS OF JANUARY 1, 1987

PROJECT	DESCRIPTION	VALUE
Harry Bailey Aquatic Centre	Major Addition	$ 2,732,000
Saskatchewan Teachers Fed.	Office	717,000
R.C.H. Holdings Ltd.	Medical Clinic	1,675,000
Ryan & Galloway Const.	Office	870,000
'89 Canada Games	Boat Storage	709,000
Cineplex Odeon Corp.	Movie Theatre	2,000,000
Catholic School Board	School	2,346,000
Kelly Douglas Co.	Add. to SuperValu	4,800,000
River View Investments	Foundation Only	920,000
J. A. Remai	Apartments	900,000
United Church of Canada	Church	550,000
Milbrandt Homes	Apartments	1,200,000
P. R. Developments	Apartments	640,000
Birchwood/Larden Holdings	Apartment	1,600,000
City of Saskatoon	Recreation Complex	5,445,000
Prairie Funeral Homes	Funeral Home	535,000
Flexi Coil Ltd.	Plant Expansion	500,000
Developers Real Estate	Shopping Centre	1,200,000
Elim Lodge Inc.	Senior Citizens Housing	1,800,000
POS Corporation	Plant Expansion	1,580,000
SEDCO	Warehouse	1,500,000
City of Saskatoon	Recreation Complex	5,797,000
St. Paul's Hospital	Addition	16,531,000
Shah Building Design	Strip Mall	540,000
Boychuk Construction	Office/Mall	2,658,000
Remai Construction	Apartments	1,850,000
Practical Homes	Apartments	657,000
St. Ann's Senior Citizen	Housing	3,000,000
C.P. Rail	Washing Facility	1,500,000
Shell Canada	Gas Bar/Confectionery	925,000
Toy City	Retail	660,000
University of Saskatchewan	Various Projects	1,357,000
P.R. Developments	Apartments	1,700,000
Menke Holdings	Apartments	500,000
University Hospital	Addition	558,000
Canadian Hitachi	Manufacturing Plant	1,848,000
Landev Ltd.	Warehouse	645,000
City of Saskatoon	Broadway Bridge	3,774,000
Douglas Pichler	Apartments	1,000,000
Bay Side Centre	Retail Complex	2,699,000
City of Saskatoon	Saskatchewan Place	18,400,000
Gov't of Sask.	Add. to Correctional Centre	2,100,000
Hector Trout Housing	Senior Citizens Housing	2,790,000
Saskatoon Market Mall	Expansion	2,700,000
Agriplace Ltd.	Warehouse	1,060,000
Cypress Property	Strip Mall	940,000
City of Saskatoon	Fire Hall	650,000
Milbrandt Homes	Apartments	1,200,000
		$112,258,000

TABLE 6

MAJOR PROJECTS PLANNED AND/OR ANNOUNCED FOR 1988+ THAT WILL AFFECT THE ECONOMY OF SASKATOON

AGENCY	PROJECT	REMARKS	VALUE
SuperValu	Expansion to Confederation	Underway	$ 4,800,000
City Hospital	New	1988-1991	100,000,000
City of Saskatoon	Two Rec. Complexes	Underway	11,000,000
Hitachi Plant	Manufacturing Plant	Underway	14,000,000
Husky Oil Upgrader	Heavy Oil Upgrader	-	2.3 Billion
University of Sask.	Agriculture Building	1987-91	100,000,000
Uranium Mines	Various Expansions & New Plant Construction	1988-92	1.0 Billion
Gold Mines	2 - 3 New Gold Mines	1988-92	150,000,000
Chemical Company	Expansion to Plant	1988-89	20,000,000
Animal By-Products	Rendering Plant	1988-89	10,000,000
Royal Bank	Office Complex	Planning	8,000,000
Wolfe Group of Companies	Office Complex	1988-89	13,000,000
Prairieland Exhibition	New Complex	1988-90	10,000,000
Intercontinental Packers	Expansion	Underway - 91	24,000,000
McClure United Church	Res. Complex	Underway	10,000,000
Princeton Developments	Expansion II	Planning	15,000,000
T & T Realty	Expansion II	Planning	8,000,000
Midtown Plaza	Expansion	1988-90	20,000,000
Bridge Water	Res./Office Complex	1988-90	15,000,000
A.L. Cole Power Plant	Convert to Condos	Planning	6,000,000
Continental Coach	New Style Motor Homes	Planning	6,000,000
Riverview Investments	Apartments	Underway	11,000,000
			$3.85 Billion

4. RETAIL TRADE

Saskatoon continues to be at the top for retail sales amongst major Canadian Cities (100,000+).

Saskatoon's retail volume continues to exceed the national average. The Economic Development Department estimates 1987's retail sales at $1.4 billion which represents a 7% increase over 1986. Table 7 shows a ten-year historical overview of retail sales in the City. Individual categories for retail sales will appear in the six-month Economic Situation update.

RANKINGS OF RETAIL SALES FOR COMMUNITIES OVER 100,000 POPULATION

	CITY	PER CAPITA
1.	Saskatoon	$7,701*
2.	Edmonton	6,800
3.	Ottawa-Hull	6,700
4.	Halifax	6,600
5.	London	6,500
6.	Hamilton	6,300
7.	Kingston	6,300
8.	Toronto	6,300
9.	Regina	6,200
10.	St. Catharines-Niagra	6,200

* Based on population of 182,000. Using metro population of 206,200, per capita sales would be $6,804.

TABLE 7

SASKATOON RETAIL TRADE
1976 - 1987

YEAR	CURRENT DOLLARS ($ MILLIONS)	% CHANGE OVER PREVIOUS YEAR	INFLATION RATE
1976	$ 496.9	33.7	-
1977	512.0	3.0	-
1978	569.9	11.3	-
1979	709.3	12.4	10.7%
1980	819.9	15.6	11.4%
1981	935.4	14.0	11.2%
1982	972.5	3.9	6.5%
1983	1,026.5	5.5	5.5%
1984	1,169.6	13.9	3.5%
1985	1,225.5*	4.7*	3.5%
1986	1,310.0*	7.0*	4.0%
1987	1,401.7*	7.0*	4.9%

Source: Bureau of Statistics, Government of Saskatchewan

* Economic Development Department Estimate

RANKINGS OF INCOMES FOR POPULATIONS
100,000+ FOR WESTERN CANADA

CITY	INCOME PER CAPITA
1. Calgary	$17,400
2. Vancouver	$15,700
3. Edmonton	$15,700
4. Victoria	$14,600
5. Regina	$14,000
6. Saskatoon	$13,600*
7. Winnipeg	$13,100

*Based on a metro population of 206,000.

5. MINING AND MINERAL PRODUCTION

It is an undeniable fact that Saskatchewan's resource sector (excluding agriculture) is one of the mainstays of Saskatoon's economy. On a yearly average, the resource sector is responsible for approximately $300,000,000 flowing into the City's economy. While potash, uranium, oil and gas have had the lion's share of media attention, the new kid on the block is precious metals in the form of gold, nickel, copper and platinum to name a few.

Between uranium and precious metal developments, northern Saskatchewan will experience new mines and mine expansions in the order of $1.1 billion over the next five to seven years.

Of the forty active mining companies undertaking exploration, mine development or mine operation within Saskatchewan, 18 either have head offices or branch offices in Saskatoon.

1987 highlights for the resource sector are as follows:

Oil & Gas

- Oil wells drilled in 1987 were 811 vs. 659 in 1986.
- Gas wells drilled in 1987 were 568 vs. 233 in 1986.
- Deregulation of natural gas prices occurred.
- Regulations now allow for direct sales to industrial users.
- New regulations also permit gas exports to the United States.

Potash

The Potash Company of America plans to reopen its Patience Lake Mine by the fall of 1988. Due to flooding problems, the mine was shut down in 1986. It is anticipated that the mine will convert to a solution extraction method.

Potash was on the upswing throughout 1987 and projections indicate similar activity for 1988. Sales were up 10% over 1986 to 4 million

tonnes. Canpotex has been doing an exceptional job in marketing Saskatchewan potash to China, Indonesia, Brazil and India. Spot prices are up to $91 a tonne from the low $60 a tonne a few years ago. If sales continue to increase throughout 1988, and if prices continue to hold or even increase, then the industry as a whole will be on a more even keel.

Uranium

Every drum of uranium that was produced by Key Lake's record production of 5.9 million kilograms has been sold. Total sales for 1987 exceeded $400 million. Some of Key Lake's long-term contracts call for delivery in 1995. Long-term contract prices are significantly above the spot market price of $17 (U.S.) a pound. Key Lake's customers are worldwide including Sweden, Japan, Korea, West Germany and the United States.

Cigar Lake test mine has commenced construction at a cost of $40 million. Cigar Lake is projected to be the richest uranium mine discovered to date. Cigar Lake is owned jointly by Sasktchewan Mining Development Corporation, Cogema Canada Ltd., Idemitsu Uranium Exploration Canada Ltd., and Corona Grande Exploration Corporation.

Eldorado Nuclear is seeking government approval to construct three new uranium mines with the first to be in production by 1991. Total capital costs for all three mines would approach $1 billion.

Gold

Each new gold discovery that is announced has a tendency to be above average. The average gold mine in Canada has a grade of approximately 0.25 ounces per ton. The latest discoveries in the Fork Lakes region range from 0.51 oz. per ton to 2.11 oz. per ton.

Speculation is that Saskatchewan's third gold mine will start construction in 1988. The operator will be Placer Dome at Slakea on Lanoil Lake. It is estimated that by 1991 there will be a minimum of six gold mines in production at a capital cost of approximately $130 million (total).

In 1987, major resource product sales totalled $2.850 billion compared to $2.05 billion in 1986.

LEADING VALUES AND PRODUCTION

1982 - 1987

	Crude Oil	Potash	Uranium
1982	$1.18 billion on 8.1 million cubic meters	$642.9 million on 5.21 million K_2O tonnes	$251 million on 3.5 million kilograms U_3O_8
1983	$1.65 billion on 9.5 million cubic meters	$685.9 million on 5.93 million K_2O tonnes	$121.4 million on 2.77 million kilograms U_3O_8
1984	$1.87 billion on 10.81 million cubic meters	$829 million on 7.65 million K_2O tonnes	$345 million on 7.2 million kilograms U_3O_8
1985	$2.21 billion on 11.5 million cubic meters	$622 million on 6.38 million K_2O tonnes	$453 million on 6.9 million kilograms U_3O_8
1986	$1.18 billion on 11.7 million cubic meters	$552 million on 6.31 million K_2O tonnes	$457.2 million on 7.4 million Kilograms U_3O_8
1987	$1.53 billion on 12.0 million cubic meters	$690 million on 7.05 million K_2O tonnes	$637.5 million on 11.2 million Kilograms U_3O_8

6. EMPLOYMENT

The most recent estimate in Saskatoon's work force is shown in Table 8. Selected employment figures will be available in the six-month update.

Saskatoon's total available labour force is estimated at 92,000. Table 8 displays the 1987 average breakdown of employed persons by industrial sector.

The City's unemployment rate continued to be at a level that is traditionally unacceptable. In percentage terms, the annual average rate

for 1987 was 9.8% (1986 - 10.7%; 1985 - 9.9%). Although Saskatoon continues to rank amongst the top (10) major municipalities for job creation on a per capita basis, individuals entering the labour force are doing so at a rate in excess of job creation. Table 9 and Figure 4 compares the city's inflation and unemployment rates.

During 1987, a number of firms experienced a downsizing or ceased operations: Dominion Stores - 63 employees laid off, SED Systems - 60 employees laid off, Develcon - 60 employees laid off, PCA - 250 employees laid off.

TABLE 8

SASKATOON EMPLOYED LABOUR FORCE
ANNUAL AVERAGE - 1987

	Employees	Percentage (%)
Agriculture	900	1.06
Other Primary (Mining, Forestry, Fishing)	3,100	3.65
Manufacturing	8,000	9.42
Construction	4,700	5.54
Transportation, Communication & Other Utilities	6,200	7.31
Trade	16,500	19.43
Finance, Insurance & Real Estate	5,000	5.89
Service	35,000	41.22
Public Administration	5,500	6.48
TOTAL	**84,900**	**100.00%**

TABLE 9

INFLATION AND UNEMPLOYMENT STATISTICS

INFLATION RATES

1985

Jan.	2.9%
Feb.	2.9%
Mar.	3.2%
April	3.4%
May	3.1%
June	3.0%
July	3.9%
Aug.	3.8%
Sept.	3.6%
Oct.	4.2%
Nov.	4.0%
Dec.	4.4%

1986

Jan.	4.3%
Feb.	4.3%
Mar.	4.0%
April	3.6%
May	4.3%
June	3.6%
July	4.0%
Aug.	4.6%
Sept.	4.1%
Oct.	4.3%
Nov.	4.0%
Dec.	3.8%

1987

Jan.	3.8%
Feb.	3.7%
Mar.	4.2%
April	4.4%
May	4.1%
June	4.4%
July	6.2%
Aug.	5.7%
Sept.	5.9%
Oct.	5.3%
Nov.	5.9%
Dec.	5.8%

UNEMPLOYMENT RATES

1985

Jan.	10.6%
Feb.	9.8%
Mar.	11.2%
April	10.3%
May	9.8%
June	10.3%
July	10.8%
Aug.	10.7%
Sept.	9.2%
Oct.	9.0%
Nov.	9.0%
Dec.	8.9%

1986

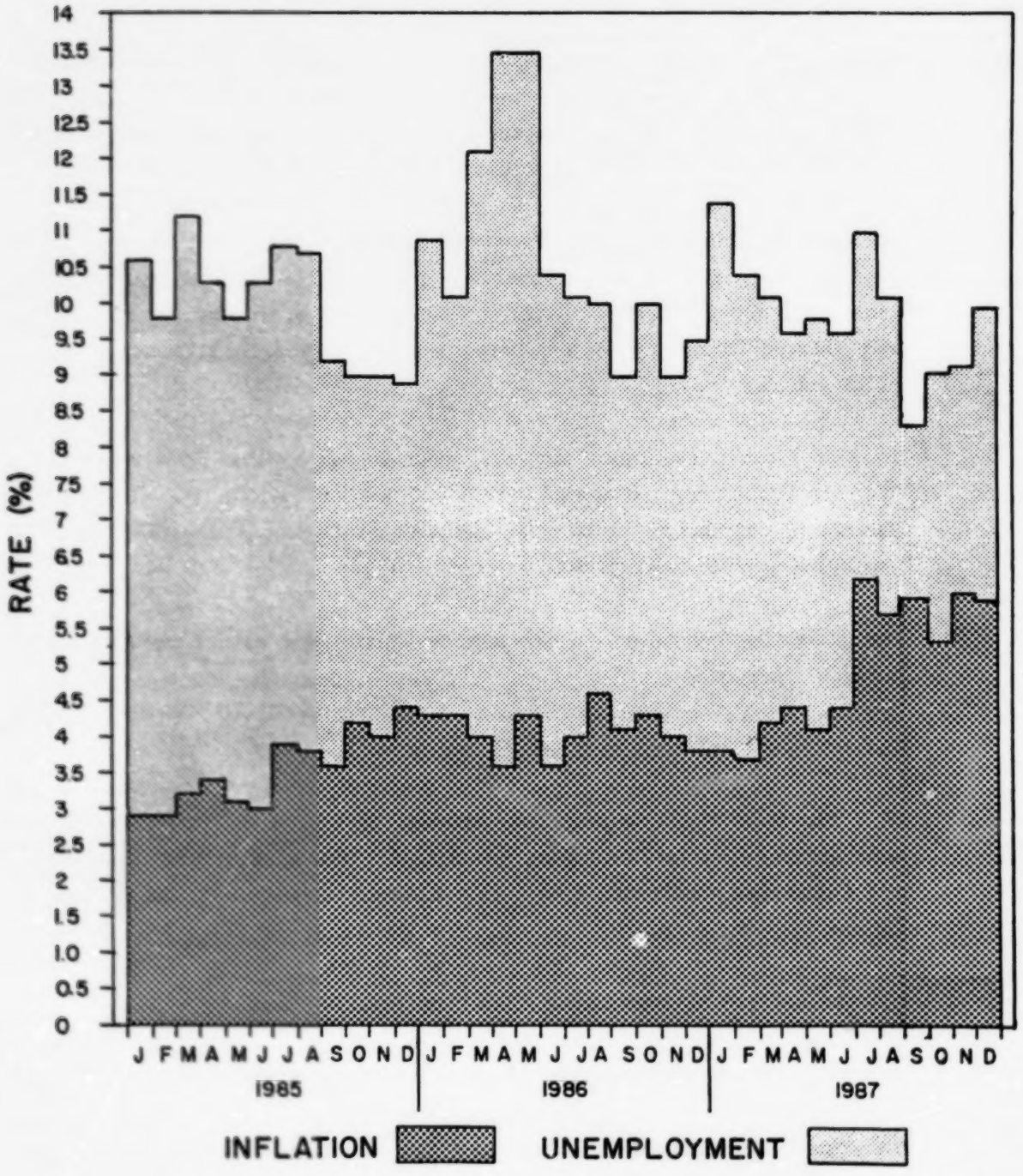
Jan.	10.9%
Feb.	10.1%
Mar.	12.1%
April	13.5%
May	13.5%
June	10.4%
July	10.1%
Aug.	10.0%
Sept.	9.0%
Oct.	10.0%
Nov.	9.0%
Dec.	9.5%

1987

Jan.	11.4%
Feb.	10.4%
Mar.	10.1%
April	9.6%
May	9.8%
June	9.6%
July	11.0%
Aug.	10.1%
Sept.	8.2%
Oct.	9.0%
Nov.	9.1%
Dec.	9.9%

SASKATOON'S INFLATION AND UNEMPLOYMENT RATE

FIGURE 4



7. BUSINESS DEVELOPMENT AND MANUFACTURING

Activities

In spite of cutbacks and business closures, Saskatoon firms still managed to create approximately 3,000 new jobs. While it is true the level of employment created by manufacturing industries does not compare with Manitoba, Alberta or British Columbia, it is an ever increasing component to Saskatchewan's economy. Further, it is true that this sector is composed of a number of small and one-product firms. What is surprising is the level of sophistication and degree of expertise that resides within our manufacturers. Saskatoon-based firms are competing nationally and internationally, and are being recognized for quality of product, price and service.

In 1986 (latest available figure), manufacturer's value from Saskatoon's 350 manufacturers exceeded $783,000,000 ($764,000,000 in 1985). Saskatoon continues to be the manufacturing centre of the Province employing approximately 8,000.

The community continues to attract new investment both from within and outside the region.

The following are some examples of new investments:

a) Vic West Metal Corporation chooses Saskatoon as its new home to manufacture a variety of metal products for the agriculture, commercial and industrial construction markets. Plant's capacity will serve Western Canada.

b) The new $16 million Cancer Clinic officially opens.

c) Construction starts on the $11 million Five Corners project.

d) Husky Manufacturing establishes its presence to manufacture light aircraft for world markets.

e) Fischer Construction announce plans for new Bridgwater Complex costing $18 million.

f) Midtown Plaza is sold to Eatons and will be operated by Cadillac Fairview. Major expansion to occur in 1988-89.

g) Sherritt Gordon Mines Ltd. purchased United Chemicals. Plans are proceeding to expand the chemical plant.

h) Time Air purchase 100% of Norcanair. Canadian Airlines International owns 40% of Time Air.

i) Fabtron Electronics adds $1 million of new equipment making it the largest custom assembly plant in Western Canada.

j) Field Technologies spins off from SED Systems to manufacture and market air seeders, sprayers and grain bin monitors.

k) Flexicoil Ltd. is expanding its manufacturing premises which will allow the firm to produce new products.

l) The new $10 million Bayside Centre opened in time for the Christmas rush. Ownership resides in Regina, Vancouver and Toronto.

m) Pleasure-Way Industries Ltd. is a new manufacturing facility that makes maxi vans (Class B motorhomes).

n) Hitachi Ltd. - Marubeni Ltd. announce plans to construct a $14 million plant to produce low pressure casings. Hitachi's turbines will be sold in the North American marketplace.

o) C.P. Rail starts construction on its new $4 million automatic car wash for potash cars.

p) Cosmopolitan Industries Ltd. is awarded a major contract to assemble custom-made golf clubs for Action Traders Ltd. of Vancouver.

MANUFACTURING ACTIVITY
FOR THE YEAR 1987

N.B. New Business to the City

B.E. Business Expansion of Existing Premises

B.E.N. Business Expansion to New Facility

COMPANY	PRODUCT	DESIGNATION
Industrial Machine	Machining	B.E.N.
Saskatoon Fresh Pack Potatoes	Food Products	B.E.
Fabtron Ltd.	Custom Circuit Boards	B.E.
Field Technologies	Electronics	N.B.
Hitachi Canada Ltd.	Turbines	N.B.
C.P. Rail	Washer	B.E.N.
Vic West Metals Ltd.	Steel Products	N.B.
Canada Packers Ltd.	Poultry Products	B.E.N.
Pleasure Way Industries	Vans	N.B.
Husky Developments Ltd.	Light Airplanes	N.B.
Intercontinental Packers	Meat Packing	B.E.
Reid Communications	Publishing	N.B.
Sharpe Outdoor Advertising	Signs	N.B.
The Tinman Heating Co. Ltd.	Heating & Air Conditioning	N.B.
The Jam & Pallet House	Pallets	N.B.
Louban Graphics	Color Separations	N.B.
Profit Printing & Publishing	Printing & Publishing	N.B.
Bazaar Manufacturing Saskatoon	Bingo Supplies	N.B.
L. Smith Industries Ltd.	Tank Manufacturing	N.B.
Feed-Rite Ltd.	Livestock & Pet Food	N.B.
Neufeld Cabinets (1986) Ltd.	Cabinets	N.B.
Foamex Industrial Ltd.	Styrofoam Products	N.B.
Imagination Uniforms Ltd.	Uniforms	N.B.
Crest All Sportswear Ltd.	Sportswear	N.B.
Lewis & Son Concrete Lawn Ornaments	Lawn Ornaments	N.B.
The Millwork Shop Ltd.	Wood Products	N.B.
Saskatoon Design Builders Ltd.	Millwork	N.B.
Fleischmann's Yeast Ltd.	Vinegar & Plastic Bottles	B.E.
Pioneer Glass	Sealed Windows	N.B.
True Color Graphics Ltd.	Color Separations	N.B.
General Body & Equipment (Sask)	Truck Bodies	N.B.
A.P.T. Industries (Sask) Ltd.	Printing	N.B.

8. POPULATION

Table 10 contains a number of statistics related to the size of the City's population, housing stock, postal addresses, etc. The data in this table indicates that the City's population is in the vicinity of 183,000 - 187,000.

POPULATION GROWTH BY CENSUS
METROPOLITAN AREA 1981 - 1986

METROPOLITAN AREA	% CHANGE	RANK
Saskatoon	13.56	1
Toronto	8.92	2
Ottawa - Hull	8.86	3
Oshawa	8.67	4
Vancouver	8.02	5
Kitchener	7.61	6
Calgary	6.56	7
Regina	6.55	8
Halifax	5.56	9
Edmonton	5.23	10

(1987 Figures Will Be Available In The Next Economic Situation Report)

9. SASKATOON'S FINANCIAL VIABILITY

Saskatoon continues to maintain one of the highest credit ratings of major Canadian municipalities. While other centres are being reevaluated, Saskatoon continues to maintain an AA+ rating. This rating testifies to the City's economic stability and indicates the community is one of the most profitably managed in Canada.

Quotes from the 1987 credit rating report:

- "Saskatoon continues to experience good economic and fiscal performance."

- "Saskatoon is amongst the fastest growing urban centres in the nation."

- "The City's debt position remains the lowest of any major city in Canada."

- "Saskatoon's tax base has seen strong real growth as demonstrated by building permits exceeding $909/capita in each year for the past decade, even during the recession."

TABLE 10

SASKATOON POPULATION AND HOUSING STATISTICS

Year	Saskatoon Registrants Under the Saskatchewan Hospital Services Plan	Statistics Canada Population	Business & Residential Post Office Deliveries	Residential Post Office Deliveries	Average # of Persons Per Household
1977	138,376	-	53,223	49,165	2.8
1978	141,167	-	58,546	54,391	2.7
1979	144,672	144,269[1]	62,588	49,870	2.6
1980	149 .300	-	65,723	54,482	2.6
1981	154,261	152,747	68,197	55,711	2.6
1982	159,581	-	69,007	60,017	2.6
1983	164,304	-	73,357	61,070	2.6
1984	170,748	-	75,679	65,263	2.6
1985	175,859		77,976	67,099	2.6
1986	178,361	175,873	81,671	69,271	2.5
1987	182,216	-	84,267	72,741	2.6

1. City of Saskatoon Census Figure - June 1/79.

TABLE 11

POPULATION GROWTH OF SASKATOON 1967 - 1987
FIVE-YEAR PERIODS

YEAR	POPULATION	ABSOLUTE CHANGE	PERCENT CHANGE
1967	117,440	5,684	4.8
1972	126,774	9,334	7.3
1977	138,376	11,602	8.4
1982	159,581	21,205	13.2
1987	182,216	22,635	12.4

Source: Saskatchewan Hospital Services Plan Data

TABLE 12

TAXATION STATISTICS
(1985 - LATEST AVAILABLE FIGURES)

INCOME CLASS	1985	% OF TOTAL
Under $2,500	13,085	11.64
$2,500 - $5,000	8,004	7.12
$5,000 - $7,500	9,037	8.04
$7,500 - $10,000	8,844	7.87
$10,000 - $12,000	8,280	7.36
$12,000 - $15,000	7,261	6.46
$15,000 - $20,000	13,668	12.16
$20,000 - $25,000	11,446	10.18
$25,000 - $30,000	9,705	8.63
$30,000 - $40,000	12,484	11.10
$40,000 - Plus	10,611	9.44
Total Returns	112,425	100.0
Total Income $000	$ 2,206,422	
Average Income	19,626	
Total Tax $000	358,996	
Average Tax	4,693	

SUMMARY

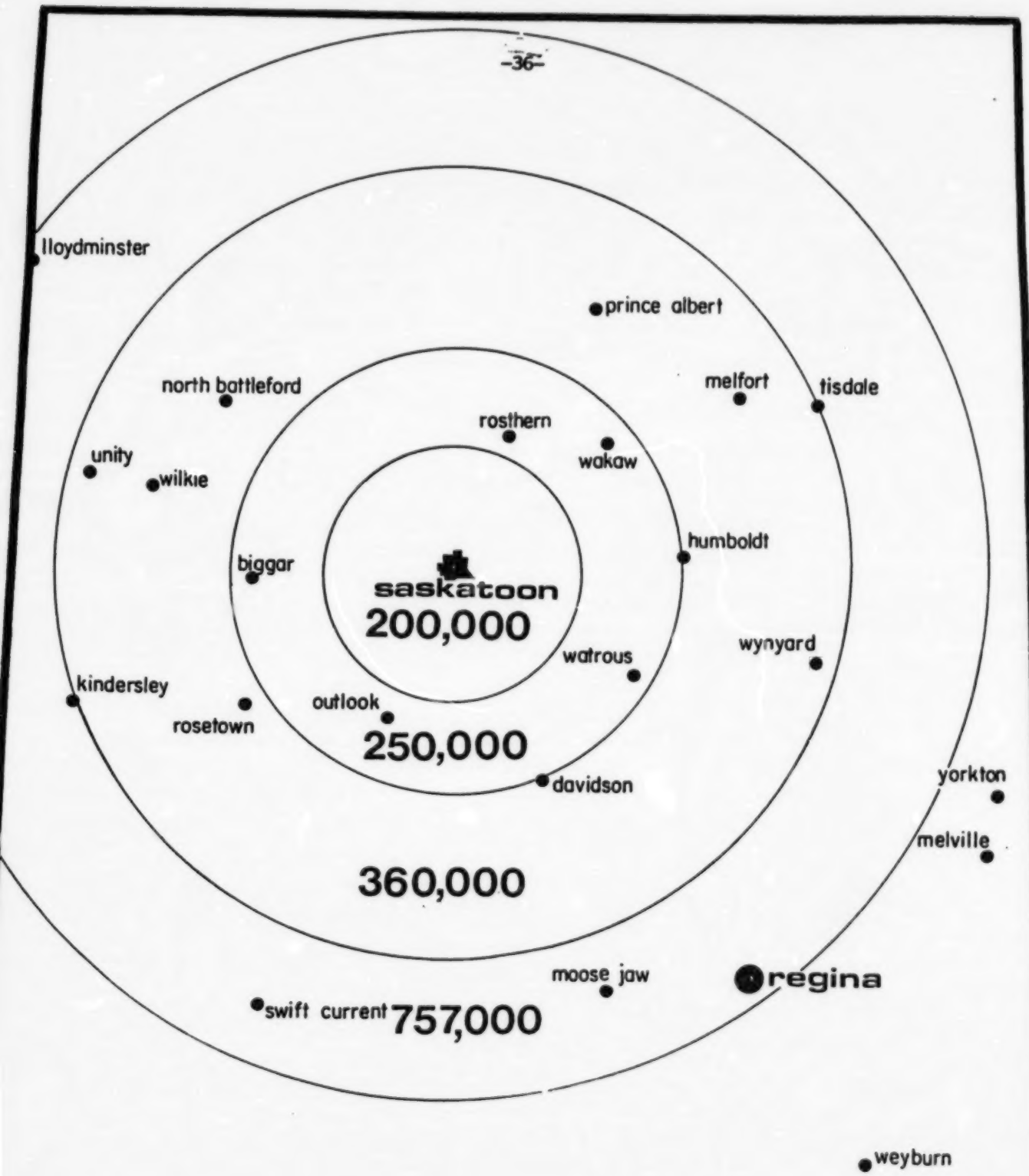
The Economic Development Department is of the opinion the foregoing is an accurate snapshot of Saskatoon's economic climate. 1987 on a consolidated basis was a solid year and one that reflects Saskatoon's growth and continuing economic diversification.

1988 will be a year of mixed signals. The farm economy will struggle through another year of low prices and uncertain markets. The mining sector will be one of optimism and a number of announcements will be made. Retail sales will hold to past year's averages and a number of strip malls will again be built. Total construction values may fall marginally short of the 1987 levels.

CITY OF SASKATOON

STATISTICS - 10 YEAR PERIOD

			% Increase Over 10 Years
Population	1987	182,216	32%
	1977	138,376	
Income	1986	$2,996,998,000	218%
	1976	$ 943,264,000	
Trading Area Population	1986	550,000	24%
	1976	442,000	
Trading Area Income	1986	$8,108,154,000	161%
	1976	$3,104,081,000	
Construction	1987	$ 234,706,150	44%
	1977	$ 163,400,000	
Total Net Business Assessment	1987	$ 54,857,331	108%
	1977	$ 26,386,078	
Retail Trade	1987	$1,401,700,000	174%
	1977	$ 512,000,000	
Industrial Plants	1987	354	69%
	1977	210	
Manufacturing Value	1986	$ 766,222,000	107%
	1976	$ 369,465,000	



SASKATCHEWAN

ECONOMIC DEVELOPMENT DEPARTMENT

AVAILABLE PUBLICATIONS

NAME OF PUBLICATION	
Economic Profile	$ 5.00
Economic Situation Report - Year End	2.00
Economic Situation Report - Six-Month Update	1.00
Industrial Directory	2.00
Professional Directory	1.00
Financial Directory	1.00
Distributors Directory	1.00
Technology Directory	1.00
Warehouse Absorption Study	1.00
Saskatoon - Call It Home	1.00
Living In Saskatoon	1.00
Bridges Newsletter	.50
New Business Starts (per set)	2.00
Photocopies Information Sheets:	
Industrial Buildings for Lease)	
Office Buildings for Lease)	.50
Building Permits over $100,000.00)	

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